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FOR INFORMATION

PROGRESS REPORT ON THE AUDIT OF THE KENYA COUNTRY OFFICE

SUMMARY

The present report is submitted in accordance with Executive Board decision 1995/27 (E/ICEF/1995/9/Rev.1) adopted at the third regular Board session in September 1995.

* E/ICEF/1996/9.

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I. STATUS OF THE AUDIT INVESTIGATION

1. The audit investigation of the Kenya country office was concluded in July 1995. Since that time, audit work has focused on individual disciplinary cases and the response of the Kenya country office to the audit recommendations. A follow-up audit visit is scheduled for late summer 1996 to audit and verify management actions.

II. AUDIT RECOMMENDATIONS

2. A total of 67 audit recommendations were made to management as a result of the audit investigations. The status of the recommendations has been reported by the Kenya country office as of January 1996, and the Executive Director wishes to highlight the following issues that are viewed as significant.

A. Non-governmental organizations

3. The Kenya office reports that all outstanding advances to non-governmental organizations (NGOs) will be followed up actively using a newly established listing. Further, the model agreement for NGOs will be used in all agreements with NGOs. The office was given a listing of NGOs identified during the audit where irregularities were found. They are now developing guidelines and instructions to the staff for future corroboration with NGOs.

B. Staffing/personnel

4. The large number of staff (254) has been reduced significantly, with a reported 79 staff members on the payroll as of January 1996. Additionally, no international consultants have been hired since November 1995.

5. As of 15 January 1996, another two staff members have been summarily dismissed, bringing the total number of separated staff to 23.

C. Financial monitoring

6. The office has completed a detailed reconciliation of the programme budget with Programme Division, and the 1996 programme budget allocation was submitted based on this corrected position. The final balance of each individual programme budget allotment is now being determined at New York headquarters.

D. Medical insurance plan

7. The office reported that all insurance claims are now reviewed by the Gigiri Medical Clinic before payment, and payment guarantees for staff member liability was discontinued.

E. Banking

8. Sub-office bank accounts were reconciled, with one exception, and special petty cash funds are scheduled for reconciliation in January 1996. As reported by the Finance Division at New York headquarters, the Kenya country office is

reviewing a means of monitoring banking transactions to prevent irregularities with the Regional Office and the Comptroller.

F. Cash assistance

9. The office reported that the liquidation of outstanding cash advances to the Government will be vigorously pursued in 1996, and a listing of advances to NGOs was completed in December 1995 with recovery action to follow.

G. Supplies

10. A complete inventory of supplies in warehouses has been completed and overpayment to suppliers is being actively followed. Supply procedures have been strengthened by setting up a supplier database and improved bidding arrangements. Most liquor was sold and proceeds from the sale were returned to UNICEF.

H. Programme issues

11. During the November 1995 annual review with the Government, plans of action were developed on the reduced funding levels. The training of programme staff has been scheduled. The office expects to bring donor reporting up to date by February 1996, with 18 donor reports already completed and 19 more drafted.